THE HINDU

Online edition of India's National Newspaper

Monday, September 20, 2010

Date:20/09/2010 URL: http://www.thehindu.com/2010/09/20/stories/2010092050500200.htm

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Novel degree programme for farmers

Staff Reporter

COIMBATORE: The Directorate of Open and Distance Learning (ODL) of Tamil Nadu Agricultural University will offer a degree programme – B.F. Tech. – Bachelor of Farm Technology – exclusively for farmers. The three-year programme is the first of its kind in the global agricultural scenario, according to Vice-chancellor P. Murugesa Boopathi.

It is structured in such a way that farmers who enrol will become degree holders and also experts in scientific agriculture.

According to Director of ODL V. Valluvaparidasan, the programme is designed to help farmers carry out agricultural activities with a scientific approach.

Courses on agronomy, soil science, horticulture, seed science, plant breeding, seed technology, crop physiology, entomology, pathology, environmental sciences, microbiology, solar energy, biofuels, wind energy, farm machinery, water management, irrigation systems, and information and communication technology will be offered. Field visits and study tours based on the individual courses will also form part of the programme.

Demonstration of technologies and theory contact classes will be held during weekends. Each semester will have contact classes for 10 days. The medium of instruction will be Tamil.

The programme consists of six semesters. Four courses will be offered in each semester.

Farmers who have either completed standard X and also those who have not passed the final examination can apply. Those who are 30 years and above are eligible.

Applications can be obtained by paying Rs. 100 at constituent colleges, research stations and Krishi Vigyan Kendras of the university. Filled-in applications along with the registration fee should reach the university before September 30.

For details, contact Director, Open and Distance Learning, TNAU, Coimbatore – 641003; or call 0422-6611229 or 94421-11058 / 94421-11048 / 94421-11047. Enquiries can be sent on e-mail to odl@tnau.ac.in.

Date:20/09/2010 URL: http://www.thehindu.com/2010/09/20/stories/2010092058870300.htm

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Farmers oppose installation of meters

Special Correspondent

Coimbatore: Farmers in the district has opposed the announcement made by the State Government to fix power consumption reading meters while providing free motor pump sets.

District President of the Tamilaga Vivasayigal Sangham, 'Vazhukkuparai' Balu alias Balasubramanian in a statement said that till 1980, all agricultural power connections were fixed with meters and 10 paise per unit was collected as consumption charges.

Moreover, meter readings were not taken every month and were done once in three months.

Considering the expenses involved, the TNEB removed the meters and fixed a flat rate of Rs. 250 per annum for one HP motor.

But the recent Central legislation sought fixation of meters for all agricultural power connections.

The State was given time till March 2012 for fixing meters. Of the 19 lakh free power connections, three lakh were fixed with meters.

The expense for fixing meters per power supply connection would be Rs. 10,000 and for the remaining 16 lakh connections, it would be Rs 1,600 crore.

Rainy season

Even then energy efficiency could not be effectively assessed because usage of pump sets would be less during the rainy season.

Date:20/09/2010 URL: http://www.thehindu.com/2010/09/20/stories/2010092052040500.htm

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A reservoir that turned an irritant instead of irrigating arid areas

Staff Reporter

KARUR: The reservoir constructed across river Nankanchi in the district with the lofty purpose of irrigating arid parts of Karur and Dindigul districts has turned into an irritant for the farming community. Not only are the farmers left high and dry as the reservoir is not serving their purpose, those among them who had handed over lands for the project are yet to get their due 28 years after acquisition was made.

In 1962, when the then Chief Minister K. Kamraj was touring Aravakurichi area in Karur district, farmers had petitioned him for the reservoir across the river. The plan was initiated for the reservoir, but the foundation stone for the project was laid only in 1990. At that time, fields were acquired from farmers at an approximate cost of Rs.10,000 for laying canals and for constructing the reservoir at an outlay of Rs.20 crore by the DMK regime.

Finally, the construction of the Nankanchi reservoir was completed in 2008. It was said that an estimated 2,500 acres in Dindigul district and another 3,500 acres in Karur district would be benefited by the scheme. The reservoir water spread covers over 400 acres.

However, Ayacutdars and farmers in the area complain that work on the reservoir's sub canal or water course remains unfinished. There are definite problems in the outlet channels, they allege, pointing out that water is not gushing out of the reservoir sluices properly. The four canals that run to a length of eight km each need repair all through, they add.

The reservoir was in the limelight for the wrong reasons in 1996 when a commission of enquiry was constituted to determine acts of omission and commission and loss caused to the exchequer. The public have been kept in the dark on the findings of the Commission, points out

the State Propaganda Secretary of the Tamilaga Vivasyigal Sangam Kurumbapatti A. Vasudevan.

"Water is contained in only 100 acres of the originally envisaged 400 acres of water spread. Wild growth and water absorbent plantations abound on the remaining part rendering the reservoir a waste," he points out.

As for the issue of land acquisition, around 200 farmers parted with their land for the project and they were promised compensation of Rs.69 lakh. However, they have received only 40 per cent. The remaining amount is yet to be distributed say the agonised farmers. "We are neither getting water nor the promised compensation. We lost our prized lands for practically nothing. We are contemplating a course of action for reclaiming our lands," said an affected farmer of Aravakurichi area.

Date:20/09/2010 URL: http://www.thehindu.com/2010/09/20/stories/2010092050520200.htm

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Training on Sept. 21, 22

Staff Reporter

COIMBATORE: A training on "Value-added products from Amla" will be held at Tamil Nadu Agricultural University on September 21 and 22.

Processing of amla into beverages, syrups, chocolates, cheese, butter and candy will be taught. Also, packaging technologies, obtaining licence for establishing fruit processing industry, and finance and marketing of products, will be covered in the training programme.

Those interested can register by paying a fee of Rs. 1,000 in the form of a Demand Draft drawn in favour of Dean, Agricultural Engineering, and sending it to Head, Post Harvest Technology Centre, Tamil Nadu Agricultural University, Coimbatore – 641003. For details, contact 0422-6611340 / 6611268.

Date:20/09/2010 URL: http://www.thehindu.com/2010/09/20/stories/2010092050510200.htm

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Free training in rabbit farming

Staff Reporter

COIMBATORE: The Veterinary University Training and Research Centre, Coimbatore, of the Tamil Nadu Veterinary and Animal Sciences University, will organise a free on-campus training in rabbit farming on September 21.

The training will comprise lectures and video lectures on selection, housing, breeding, feeding, disease management of rabbits, rabbit meat production, and marketing opportunities. For details, contact the centre on 0422-2669965 for registration; or visit the centre at Kalapatti Pirivu, Saravanampatty, Coimbatore – 641035.

Date:20/09/2010 URL: http://www.thehindu.com/2010/09/20/stories/2010092052591400.htm

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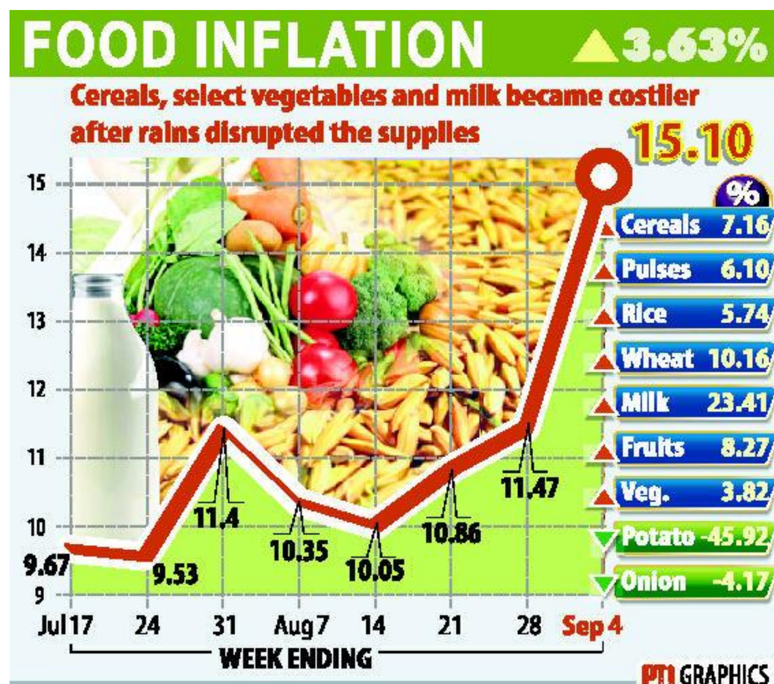
Economy poised for new leap



The Indian economy is entering a new phase of development as the prospects for balanced growth in 2010-11 have given rise to expectations that the performance in the next and

subsequent years will be even more heartening. As a result of the bountiful rainfall in many regions in North India and even in the areas such as Bihar and Eastern States where it was apprehended for a time that severe drought condition would prevail, the yield of food and cash crops in the kharif season may constitute an all-time record.

Crop yields

The outlook for the rabi season too is promising as storage in the major reservoirs is very comfortable. It is thus estimated that the output of the agricultural sector will increase by 4 per cent in the current season against 0.2per cent comparably. It is even emphasised by agricultural experts that there has been a tripling of investment in the agricultural sector in recent years and that modern techniques also are being adopted. These measures have been responsible for a significant improvement in productivity. There is thus the confidence that even 5 per cent growth is feasible if only the monsoon does not prove to be much below normal.

Assuming that there is no drag in GDP growth by the agricultural sector, the increase in GDP in 2010-11 is estimated to be even 8.75 per cent with rising industrial output. Details for July are impressive as the output has risen by 13.8 per cent and the average for April-July is 11.40 per cent. The Union Finance Minister has suggested that the average growth may be 12-13 per cent in the whole of 2010-11. The trends in foreign trade in April-August too have been flattering and it is now hoped that export earnings may exceed $ 200 billion in a whole year.

Industrial sector

The producers of capital goods, consumer durables and even textiles have been faring well while the increase in the production of coal and power is restricted only by the non-availability of the requisite capacity. Prime Minister Manmohan Singh has therefore emphasised the importance of removing the deficiency in power, coal, capital goods, transport and other sectors. The need of the hour is to ensure availability of the requisite financial resources in forex and rupee terms as there is no dearth of viable projects. In this context the policy of the monetary authorities to adopt a dearer money approach may well prove to be counter-productive and result in an undue increase in the cost of credit and chocking up demand which can be avoided.

All the major industries are in a position to market a rising level of production remuneratively. It is needless to emphasise that this growth process in evidence latterly should not get unduly discouraged.

The UPA Government has actually two major challenges which have to be imaginatively tackled. The postulated increase in the yield of foodgrains to 238-240 million tonne may well compel intensification of procurement operations in rice from October and in wheat from April next year. All going well the aggregate quantity of fine cereals procured may easily be 65 million tonne or more. With the off take through fair price shops and other various welfare programme being not more than 55 million tonnes, the additions to buffer stock may prove to be highly uncomfortable at 75 million tonnes by July next year. How should this huge quantity will be stored in good condition and what is the strategy of the Ministry of Agriculture for tackling this embarrassing situation? Even for maintaining buffer stocks for 65 million tonne the requisite capacity is not available. There is a huge controversy over the storing of sizable quantum of fine cereals which are deteriorating in quality causing heavy losses to the Exchequer. It remains to be seen how this formidable challenge will be overcome.

Food inflation

Food inflation may not be as worrisome as it is now because of the reports of an increase in the area and yield of different types of pulses and coarse cereals. The output of oil seeds too may be distinctly higher than in 2009-10. As overseas reports also suggest that there is distinct softening of prices, food inflation can thus be effectively tackled though the WPI index based on 2004-05 has risen to 15.10 per cent for the week ended September 4 against 11.47 per cent in the previous week under the earlier base. The link factor may well explain how exactly the variation has taken place. It can be anticipated in any event that prices for primary products will tend to decline with an improvement in the supply situation to some extent though the constraints may not be fully removed. Against this background it is necessary to remember that food inflation can be effectively controlled only with the removal of supply constraints and monetary measures alone may not yield the desired results.

As there is the prospect of food inflation getting under control due to natural factors the decision of the monetary authorities to raise the repo rate by 25 basis points to 6 per cent and by 50 basis points in the reverse repo rate to 5 per cent with immediate effect may result in higher

deposit and lending rates and create problems for those executing mammoth projects with loaned funds constituting a fairly good proportion of total outlay.

Money becoming dearer

Many banks have already raised their deposit and lending rates as the pool of resources has to be considerably augmented. The demand for funds has off course remained unsatisfied and the executives of major banks may not experience any difficulty in utilising available resources effectively. The Governor of the Reserve Bank of India has understandably refrained from raising the cash reserve ratio (CRR). A squeeze is already emerging in the money market and many financial institutions may not be in a position to provide the requisite resources fully for the constituents.

The absence of liquidity in the banking system will be evident from the fact that the growth in deposits of scheduled commercial banks in the 12 months ended August 27 was distinctly slower at Rs.5,89,527 crore against Rs.6,93,875 crore in the same period in the previous year. On the other hand fresh bank credit has soared to Rs.5,44,655 crore from Rs.3,45,987 crore while fresh investments accounted for only Rs.1,10,126 crore (Rs.3,50,196 crore). The situation can ease only if forex inflows turn out to be encouraging in the coming months. The RBI may have to provide ample refinance facilities and even lower the CRR if it becomes necessary.

The reaction in the bourses to the latest developments was not initially quite favourable though there has been subsequently a significant recovery. The central exchequer has to complete its borrowing programme albeit on a restricted basis and make a success also of the disinvestment programme. Others engaged in the implementation of infrastructure projects have also to raise huge resources through tax free bonds.

The Union Finance Ministry is in a comfortable position as tax collections have been brisk and the receipts from indirect taxes particularly in April-August have risen by 46 per cent to Rs.1,24,170 crore (Rs.85,097 crore). The Budget Estimates for 2010-11 have assumed that collection from indirect taxes will increase by 29 per cent over the revised estimates for 2009-10. Even if indirect tax collections increased by 40 per cent in a whole year the surplus over the estimate may well be Rs.28,000 to Rs.30,000 crore. As receipts from direct taxes also will be higher than the Budget Estimates and non-tax revenues will be noticeably higher than the Budget Estimates the borrowing through market loans can be reduced suitably to relieve strain

on the money market. In that event, the fiscal deficit may be much lower than the visualised 5.5 per cent.

The bourses should remain buoyant with larger inflows from foreign institutional investors (FIIs) and others. The BSE Index has been rising in a pronounced manner latterly and it was felt in knowledgeable circles that the high levels reached in January 2008 may even be surpassed. The happenings in the coming months will thus be significant though it remains to be seen to what extent there will be an increase in non debt and debt forex inflows. The buoyancy in the bourses can then be sustained and emerging squeeze in the money market will not be allowed to have a throttling effect.

The bullish sentiment was aided by the revised Direct Tax Code Bill which may become effective after scrutiny by Parliament from April 2012. The income tax assessees will stand to benefit by the higher exemption limit and the elongation of the tax slabs. Dividends paid by corporate as well as long term capital gains will continue to be exempt from taxation while the undistributed profits tax and transaction tax will continue to be levied.

P. A. SESHAN

Published: September 19, 2010 22:20 IST | Updated: September 19, 2010 22:20 IST
September 19, 2010

Monetary policy evokes renewed interest

STEMMING INFLATION: A general view of a bustling a market place in Ahmedabad. The Reserve Bank of India raised the short-term interest rates more than expected last week, springing the fifth hike in six months as it tries to tame inflation. Photo: AFP

The RBI has been trying to balance its two key objectives of maintaining price stability and providing credit for the real sector

Last week was eventful for the Reserve Bank of India and its monetary policy. The scheduled Mid-quarter Monetary Policy review took place on Thursday. Two days earlier, the Centre announced a new series of Wholesale Price Index (WPI) to measure inflation.

The connection between the two is fairly obvious. The Monetary policy has traditionally been trying to balance its two key objectives of maintaining price stability and providing credit for the real sector. Recently, the focus of the policy has shifted towards controlling inflation at all costs. The new measure, claimed to capture the rate of price rise more accurately, is obviously relevant to the RBI.

New WPI index

The new WPI series has 2004-05 as the base year. The old series had 1993-94 as its base. Altogether, 241 new items have been included in the new series on top of the 435 items whose price rise was being captured by the old index. The extended coverage and a more recent base year, it is claimed, will make the new index more representative in character. For instance, an item that has virtually become a necessary accessory to day-to-day living — the cell phone — was not widely used 15 years ago and hence excluded from the index. The new index will also be able to capture the structural changes that are taking place in the economy. Other improvements over the old series include a greater thrust on uniform data collection. The number of centres from which the data will be sourced has been vastly increased.

Even with the improvements, the new WPI index does not quite capture the changes in the fast growing economy. Services, which contribute more than 50 per cent of the GDP, remain excluded. While the frequency of data dissemination remains the same as it was before — the WPI at monthly intervals and the data on food prices and other articles at weekly intervals — there is a clamour for moving towards the international practice of having a representative Consumer Price Index for policy purposes.

The new index showed that inflation in August declined by 1.3 percentage points to a seven month low of 8.5 per cent. However, going by the old index, which will still continue to be published, inflation dipped only marginally to 9.5 per cent in August from 10 per cent in July. The new method probably makes the data more accurate as well as up-to-date but does not hide the fact that inflation remains high in absolute terms.

The Mid-quarter Monetary Policy is a recent innovation of the RBI. In the July quarterly statement, while announcing the decision, the RBI said that it was formalising a procedure that was happening anyway. The point is that in a highly fluid economic situation, the central bank needed to intervene and communicate with the markets more frequently than it has been used to. Such interventions, insofar as they happened outside the dates of policy statements, no doubt had the surprise element in its favour. However, too frequent and unscheduled monetary interventions were probably counterproductive. Hence, in keeping with the practice of major central banks, it was decided to increase the frequency of policy statements from four to eight. Not long ago there were only two statements. The increase in the number certainly says a lot about the challenges the RBI faces.

Hike in key rates

Being the first is not the only attribute of the three-page easy-to-read mid-quarter review. It has details of the monetary measures in its opening paragraph itself. Lest anyone complain that the surprise element in monetary policy is being eschewed, the RBI hiked the repo and reverse repo rates in an asymmetrical manner. The repo rate was increased by 25 basis points. If that was expected, the hike in the reverse repo by 50 basis points was unexpected. The new repo and reverse repo rates are at 6 and 5 per cent, respectively. The range between the two is narrowed and should theoretically reduce volatility in the money market. A more nuanced view of the changes in the policy rates is something like this. The reverse repo is the rate at which RBI pays banks for the funds deposited.

So, a sharp hike suggests that banks will have a greater incentive to deposit surplus funds with the RBI. But there is no surfeit of liquidity at present. Deposit growth and credit offtake have been below par. The current account has widened, partly because foreign inflows have moderated. In such a situation, it is the repo rate, the rate at which the RBI lends, that will continue to be the benchmark. Hence, banks will heed the signal and mark up their lending

rates. In any case, deposit rates are already going up as banks experience difficulty in mobilising deposits.

Inflation remains the dominant concern. According to the new and old series, the inflation, as stated above, is well above the RBI's target range of 6 per cent for the year. But the unexpectedly large hikes suggest that the RBI will no longer be behind the curve. Besides, the latest economic data have been good. In the first quarter, the economy grew by 8.8 per cent and the Index of Industrial Production jumped to 13.8 per cent in July. The strong growth gives an opportunity to hike interest rates. What about the future? The RBI has indicated that since ‘normalisation' has been reached and with inflation reaching a plateau, monetary policy will, henceforth, be guided by the overall macro economic consideration. Inflation will, however, be under close and constant scrutiny.

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THE ECONOMIC TIMES

Mon, Sep 20, 2010 | Updated 10.29AM IST

20 Sep, 2010, 09.49AM IST,REUTERS

Spices seen opening up on thin supply, demand

MUMBAI: Jeera futures are likely to open up on Monday due to poor supplies and some overseas enquiries, analysts said.

The most-active October jeera contract ended at 13,805 rupees per 100 kg, down 0.03 percent in the previous session.

However, analysts expect hopes of higher sowing in up-coming season due to good rainfall may limit the gains. Jeera exports in April-July 2010 fell 19 percent to 13,500 tonnes from the same period a year ago.

PEPPER

Indian pepper futures are expected to edge up on a squeeze in supplies in the domestic market and lower stocks with major producing countries, analysts said. The uptrend in global prices may also support, they said. Pepper October contract ended down 0.35 percent at 20,071 rupees per 100 kg in the previous session. However, poor overseas enquiries for high priced Indian produce may restrict the gains, analysts said. India's pepper exports in April-July 2010 rose 2 percent to 6,750 tonnes from the same period a year ago.

TURMERIC:

Turmeric futures are expected to edge up as a squeeze in supplies could spark buying at lower levels, but prospects of higher production with increased acreage in key cultivating regions may weigh, analysts said. October turmeric contract inched up 0.05 percent to end at 12,120 rupees per 100 kg in the previous session.

The contract has fallen nearly 4 percent in the previous week. Area under turmeric in southern states of Andhra Pradesh and Karnataka have risen 21.5 percent and 19 percent respectively in 2010/11 as the spice gave higher returns last year, two government officials told Reuters.

The two states account for more than half of the total production in India, the world's biggest producer of the spice. India's turmeric exports fell 16 percent to 18,350 tonnes in April-July 2010 from the same period a year ago, the Spices Board said.

Business Standard

Monday, Sep 20, 2010

Extended monsoon may hit paddy crop

Vikas Sharma / New Delhi/ Chandigarh September 20, 2010, 0:29 IST

The kharif crop, especially paddy, could be in trouble as scientists predict harsh effects of the extended monsoon on productivity of the crop.

Scientists at the Rice Research Station at Kaul district in Haryana maintained the extended monsoon, coupled with high temperature, had put paddy under the risk of being attacked by plant hoppers.

The productivity of the crop is likely to be affected by 15 per cent to 20 per cent.

Rattan Singh, senior scientist at the Rice Research Station maintained the extended monsoon could lead to discolouration of the grains, which would only occur in the non-basmati variety. He added the high temperature and high humidity could multiply the attack from plant hoppers.

The scientist reported attacks on paddy from plant hoppers has started in some of the districts of Haryana, and further indicated it could multiply in the future.

Another scientist said the crop which is at the flowering stage, could suffer shedding off pollen because of excessive rains. The crop could also suffer lodging on account of rains, affecting its productivity. Another threat looming large on paddy is the overgrowth of the plant on account of extended monsoons.

Haryana has set a target of 1,150,000 hectares of area under paddy this year. Agriculture officials maintained paddy area in Haryana has reached 1,150,000 hectares, even though it fell short of last year's total area of 1,205,000 hectares.

No account has been taken of the impact of the late floods on the paddy area which had hit the state this month affecting 28,600 acres of cropped area.

Business Line
Business Daily from THE HINDU group of publications
Monday, September 20, 2010

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092050260800.htm

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Back **Cotton lobbies**

With a record cotton harvest ahead, exports alone can prevent a price collapse and protect growers.

At a time when the country can boast of a record cotton crop, estimated at 325 lakh bales (170 kg each), it is unfortunate that the textile industry is unable to come to terms with the government's cotton export policy. The concerted move by the Confederation of Indian Textile Industry, the South India Mills Association and similar user bodies asking the government to stop registration of raw cotton export contracts and place an embargo on shipments during October-December — the peak arrival period — is unjustified, to say the least. Equally unfortunate is the stand of the Federation of Indian Export Organisations in support of a self-defeating export restriction. These short-term measures to prop up the user industry are far from equitable to all stakeholders. No one seems to care for the cotton-grower, who has toiled to deliver a record crop, and his right to remunerative prices.

No doubt, none can dispute the user industry's right to advance its own business interest in terms of access to raw material at a reasonable price. But if such a position hurts the interest of another important stakeholder group — the millions of cotton growers — then it calls for strict government intervention to strongly demonstrate that it is the farmer who comes first. Given the anticipated harvest over the next three months, exports alone can prevent a price collapse and protect growers; unfortunately, the industry's track-record does not generate confidence that it will do what exports can. The projected demand-supply fundamentals show there will be a definite production surplus that needs to be liquidated, and the most logical way is to export to

markets that have been cultivated painstakingly in recent years. It would be most unfortunate if such an opportunity is lost because of lobby pressure.

The industry should learn to work under conditions of market-driven raw material prices and not seek artificial insulation from high prices. If volatile prices are a problem for the user industry, it should learn to hedge its price risks in the futures market; but it has been reluctant to do so for years now. The trade and tariff policy for cotton cannot be skewed. If cotton imports are unrestricted and duty-free, exports should be too. New Delhi should make it clear that it is not the government's duty to make raw material available to the user industry at artificially low prices. What prevents the domestic mills from establishing backward linkages with cotton growers through contract farming is unclear. Instead of succumbing to lobby pressure, as it did a few months ago, New Delhi must be firm about its trade and tariff measures so that no groups harbour any hopes of a change in policy at will.

Date:20/09/2010 URL: http://www.thehindubusinessline.com/2010/09/20/stories/2010092050991200.htm

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Back **Coffee Board proposes changes in replanting subsidy; cos may gain**

A Srinivas

Bangalore, Sept. 19

The corporate sector may soon be able to claim a subsidy for replanting operations in coffee. The Coffee Board has drawn up a proposal to this effect, for the Centre's consideration.

According to sources close to the Board, the proposal, apart from suggesting that corporates and cooperatives be made eligible for subsidy, moots just two subsidy slabs on the basis of the size of landholding.

This is against the prevailing system of determining the replanting subsidy on the basis of three slabs. The proposal, according to sources, derives its logic from replanting support norms in tea, where corporates are eligible for subsidy. The proposed norms suggest that replanting subsidy be allowed up to 50 per cent of the unit cost in the case of holdings of 10 hectares or less, and up to 25 per cent of the unit cost in the case of holdings above 10 hectares.

Corporates and cooperatives, so far explicitly excluded from replanting assistance, are likely to fall in the latter category.

No distinction

The proposed norms would remove the prevailing distinction between those holding two hectares or less and those holding between two hectares and 10 hectares. The former is, at present, entitled to a replanting subsidy of 40 per cent of the unit cost and the latter 30 per cent of the unit cost.

Those holding above 10 hectares can, at present, claim a replanting subsidy of 25 per cent of the unit cost; the new proposal does not affect this category of non-corporate growers.

Sources also said that replanting allowance may have been claimed against 10,000 hectares in the first three years of the 11th Plan period (2007-12).

About 9,500 hectares were covered during the 10th Plan period, when arabica plants hit by white stem borer disease were replaced, they said. The subsidy criteria were then relaxed to make such replanting eligible for subsidy.

A replanting target of 40,000 hectares has been set for the 11th Plan period.

According to sources close to the Board, the prevailing unit cost norms, estimated about four years ago, may not change in the near future. Unit costs have been determined at Rs 1,00,000 a hectare in the case of arabica and Rs 70,000 a hectare in the case of robusta.

Unit costs

“While wage costs have risen, it is difficult to allow for flexibility, as that would make implementation difficult. Besides, unit costs could vary from estate to estate,” they said.

Mr Shaji Philip, Chairman, Coffee Committee, United Planters' Association of Southern India, said: “Subsidy should be extended to all. The unit cost should be increased. There has been a steady decline in productivity in the case of both arabica and robusta. If senile bushes are replaced, the situation will improve.”

Mr Ashok Kuriyan, Managing Director, Balanoor Plantations and Industries, said: “The replanting subsidy is not adequate and does not cover all sectors. Costs, particularly labour, have been rising.”

The current norms allow for replanting subsidy in the case of arabica plants that are over 30 years old and robusta plants that are over 40 years old.

Date:20/09/2010 URL: http://www.thehindubusinessline.com/2010/09/20/stories/2010092050531100.htm

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Back **Food for all — Aiming towards an efficient public distribution system**

Rana Kapoor

India has the highest concentration of deprived and hungry in the world – more than that of the continent of Africa. With about 27 per cent of the world's undernourished population residing in the country, fighting hunger has been a key challenge for independent India.

Consequently, policy makers have taken up numerous initiatives to increase availability and access of food to the poor.

These initiatives range from meticulous efforts to boost agricultural production to a broad spectrum of market interventions aimed at income generation, food price stabilisation and improved access to subsidised food.

Of all the social safety-net initiatives taken up in India, the public distribution system has been the biggest and the most widespread program both in terms of coverage as well as public expenditure on subsidy.

While the PDS has been fairly successful in providing a food security net for the poor, giant strides still remain to be taken for the PDS to be truly utilitarian to the teeming millions of poor and hungry in the country.

Non-precise end-user targeting and blatant leakage across its value chain has made PDS one of the weakest links in the overall food security net of the country.

Studies indicated that, for every rupee worth of income transfer through the PDS, just about 25 paise accrues as a benefit to the poor.

Clearly, the structure and functioning of the system requires a stringent review and overhaul so that innovative strategies for execution are put in place which are in tune with the vision of building a truly hunger free nation.

Review of current PDS

The Indian Public Distribution System (PDS), now called the Targeted PDS, is the largest of its type in the world. With a network of close to half a million fair price shops (FPS), the PDS currently targets about 400 million people and is the main delivery channel for subsidised food to the poor. Operated jointly by the Central and state governments, the system takes care of all activities of food supply including procurement, storage, transportation, and pricing, identification of families below poverty line (BPL) and distribution of foodgrains to target beneficiaries.

While PDS has been an important social safety-net in the past, functioning and execution of the system has been criticised for inefficiencies and high levels of pilferage. A study done by the Planning Commission in 2005 indicates that about 58 per cent of the subsidised foodgrain issued from the Central Pool does not reach the BPL families.

It further estimates that over 36 per cent of the budgetary subsidies on food are siphoned off the supply chain and only about 42 per cent of subsidised grain issued from the Central Pool reaches the target group. These numbers clearly reflect the urgency and intensity of appraisal that is required to mend the current Public Distribution System.

Opportunities for improvement

Inefficiencies in the functioning of PDS stem from three major areas — procurement mechanism, distribution system and end-user targeting and delivery.

While a more efficient handling of PDS is critical for better delivery, it would also require integration and adoption of multiplicity of approaches to improve the procurement, distribution and delivery mechanism of the scheme. Some of the key areas that would need intervention and improvement include:

Expanding the geography of the procurement grid: While there are 11 states that participate in the procurement grid, just two states – Punjab and Andhra Pradesh – contribute to more than 50 per cent of the rice procured for the central pool. Almost the entire wheat procurement is done in just three states – Punjab, Haryana and Uttar Pradesh. It is necessary to include more states into the procurement grid, especially in the east and west. This would not only reduce the logistics cost but also bring more farmers into the procurement system.

Diversifying the commodity mix – The current PDS largely handles just two foodgrains – rice and wheat. There is a need to include coarse grains and millets which is largely consumed by the poor. This would facilitate "self exclusion" of population above the poverty line as coarse grains are generally not consumed among affluent section. This "perceived inferior good" approach has reaped great success in countries such as Tunisia and can be replicated with ease in India.

Building and modernising the storage and logistics infrastructure – A rudimentary and inadequate warehousing and logistics infrastructure results in not just loss due to spoilage but also poor lifting of allotted foodgrains by states due to lack of sufficient storage infrastructure. There is an urgent need to improve this infrastructure. PPP models such as the FCI-Adani partnership needs to be replicated across various states in the country.

Involving local community and NGOs in selection and monitoring of Fair Price Shops (FPSs) – Biased and non-transparent procedure followed for selection of fair price shops has led to allocation of FPSs to incompetent individuals. Consequently, FPSs are central points for pilferage and diversions of subsidised grains.

There is a need to decentralise the process of FPS selection and involve NGOs and local communities to monitor their functioning. Applicants for FPS need to be experienced in retailing

and capable of running a business independent of PDS. This would ensure better transparency and delivery of intended benefits.

Introducing biometric identification of beneficiaries — Inefficiencies in identification and recording of target groups has led to widespread mal-practices during the enrolment for the PDS scheme resulting in erroneous inclusion of a large number of non-BPL families, existence of a number of ghost cards and exclusion of the actual needy. There is an urgent need to introduce systems such as biometric identification of beneficiaries so as to restrict leakage and weed out unintended beneficiaries. The proposed introduction of Unique Identity Cards could play a critical role in this process.

Integration of ICT for monitoring and evaluation: Lack of a robust monitoring system has been a big problem as most of the records and book keeping is still manual which hinders proper monitoring.

The problem is further accentuated as BPL ration cards are distributed based on manual records making it extremely difficult to monitor benefits accrued to target beneficiaries.

Automation and computerisation across the supply chain of PDS arerequired to facilitate better monitoring and delivery. The recent introduction of “smart cards” is certain locations such as Chandigarh is a positive step in this direction.

Integration of alternative delivery mechanisms: Innovative “Conditional Cash Transfer Schemes (CCT)” have been found to be better ways of subsidising livelihoods of the poor across the world.

Models such as the “Bolsa Familia”- a part of the “Zero Hunger program” of Brazil and “Oportunidades” of Mexico directly transfer money to the beneficiary – with strings attached for utilisation such as compulsory education and vaccination of children. Such schemes need to be studied and opportunities for replication identified.

Conclusion

Given that about 37 per cent of the country's population lives below the poverty line and depends heavily on the public distribution system for their food security, there is an urgent need

to revamp the delivery mechanism of PDS so as to push up the value of its benefits to the population at the bottom of the pyramid.

This would require creative restructuring of the system so as to ensure diligent and meticulous end-user targeting and efficient and pilferage free delivery of benefits to the poor.

(The writer is Founder/Managing Director & CEO of YES Bank)

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092050350900.htm

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Back **Rotting foodgrains and insensitive policies**

MOHAN MURTI

There shouldn't be scope for debate on as fundamental an issue as distribution of rotting foodgrains to the hungry. But the leadership seems to think otherwise.

Foodgrains enoughto feed the hungry rot each year.

I happened to be holidaying in India for a couple of days, when several events happened in rapid succession. But what struck me as most odd and peculiar to the country was the Food

Minister's and, subsequently, the Prime Minister's statements on the Supreme Court judgment ordering the Government to distribute rotting food-grains to the hungry across India.

Where is the scope for debate on such a fundamental issue, I cannot understand. New Delhi ought to inquire under what circumstances government godowns were rented out for liquor barons to store their wares. And who ordered the storage of foodgrains in the open — unmindful of the vagaries of the monsoons.

Rather than focusing on that, what we get is a bland statement by the Prime Minister, challenging the Supreme Court's authority to make the observation it did.

I would like to state here that the circumstances that led to the French Revolution were much the same as what is happening in India now.

Life and death issue

Does the Prime Minister want that kind of an uprising in India? The Maoists are already on the streets and both the Central and State governments are unable to handle them. They are bargaining for peace with them.

Does the Prime Minister want to escalate the problem? Forget whether the Supreme Court is right or not. I recall here a Sanskrit couplet my father once quoted to me: “Good advice, when it comes, should be accepted, even when it comes from a parrot or a baby.”

Now, coming to the Food Minister, how can he play around with matters of life and death?

“Great men do not play stage tricks with matters of life and death; only little men do that,” said Thomas Carlyle. This seems to aptly reflect the Indian situation.

Europeans are stunned that, along with the 9 per cent growth which Indians “tom-tom” about, we also carry one-third of the world's poorest and hungry. This is shameful. Is this what Gandhiji, Nehru and others fought for? They envisioned that milk and honey would flow across the country. What we find now is even water does not flow adequately across all its regions.

State Policy?

When the Supreme Court pointed out that the best way to use the rotting grains is to first feed the hungry, one fails to understand how the question of policy comes in. It is impossible to understand the language of our leaders.

I had pointed out, in a different context, that the have-nots in India would someday rise in revolt. If our leaders foment trouble by making such frivolous comments, that day may not be too far away.

Rantideva's legacy

Contrast this with King Rantideva's (Sr imad Bhagavatam 9.21.12) famous pronouncement, recorded in fitting terms by Mahakavi Veda Vyasa: “My only desire is to be present in all beings, undergo suffering with them and serve them so that they may become free from misery.” Mahatma Gandhi inscribed this verse of the Srimad Bhagavatam in front of the Sabarmati Ashram.

There can be no higher or nobler humanitarian ideal than this. Not only did Rantideva seek to relieve the misery of his fellowmen, but he also desired to so identify himself with them and become a part of them so as to undergo their suffering and, thereby, share their miserable predicament.

The recent Global Hunger Index (GHI) of 2009 ranks India, Asia's third-largest economy, a low 65 out of the 84 countries in the Index. Europeans are befuddled by the staggering contradictions and contrasts in India .

India boasts of being the world's fourth-largest economy based on Purchasing Power Parity (PPP). Yet, foodgrains enough to feed a 100 million rot each year.

The political leadership in India has become the subject of ridicule in Europe, simply because of its perceived insensitivity. Looks like it's time for younger blood to take over. Someone like Rahul Gandhi, for instance, who knows the pulse of the people. He, at least, seems to connect with people — whether from roadside ‘ dhabas' or gourmet restaurants on Kolkata's Park Street.

Let me close with what Mahakavi Subramania Bharati, the great Tamil poet, said: “ Thani oru manithanukkunavilayenil jagathinai Azhithiduvom”. It translates as: “If you deny food to even one man, we will destroy the entire universe.”

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092050541100.htm

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Back **Veg oil refining capacity: More expansion likely**

Industry focus.

Last ten years or so, there has been an explosive expansion of the country's vegetable oil refining capacity.

G. Chandrashekhar

While the overall demand for edible oil has been rising steadily, driven by improving economic performance and population increase, the growth of domestic vegetable oil industry is more closely linked to changing food habits of consumers in addition of course to rising purchasing power.

Over the last ten years or so, there has been an explosive expansion of the country's vegetable oil refining capacity, triggered in part by tax breaks, changes in import tariffs and rapidly rising import volumes.

As of January 2009, there were as many as 943 vegetable oil refineries across the country with aggregate capacity to refine 12.3 million tonnes of raw material; but average utilisation was about 37 per cent, according to the Directorate of Vanaspati, Vegetable Oil and Fats, under the Ministry of Food and Public Distribution.

Refineries

Disaggregated figures show that independent refineries were 590 in number with annual capacity of 3.5 mt and the average capacity utilisation of 36 per cent.

Refineries numbering 127 attached with vanaspati units had an annual capacity of 5.1 mt and utilisation averaged 45 per cent.

Refineries attached with solvent extraction units were 226 in number with capacity to process 3.7 mt , but utilisation averaged only 29 per cent.

It is clear that the domestic vegetable oil refining industry is highly fragmented with too many units dotting the country's landscape even as installed capacities of most units are rather small (which denies scale economies) and many nurse huge idle capacities.

Refineries process crude vegetable oil through technological means such as neutralising, bleaching and deodorising, which result in production of refined vegetable oil which is practically colourless, odourless and without the distinctive taste/flavour characteristic of many traditional oils.

Non-traditional oils such as that of ricebran, cottonseed and sunflowerseed are all now available in refined form for consumers. Importantly, humungous imports of crude palm oil (driven by low or zero tariff regime) continually meet the raw material needs of domestic refineries.

Quality standards

The Prevention of Food Adulteration Act, 1954 and Rules there-under specify the quality standards for refined oils. In order to ensure availability of safe and quality edible oil in packaged form at pre-determined prices to the consumers, the Government promulgated the Edible Oils Packaging (Regulation) Order, 1998 under the Essential Commodities Act, 1955, to make packaged edible oil, sold in retail, compulsory unless specifically exempted by the State Government concerned.

The share of refined oil in the total edible oil market stands at 55 per cent. With urbanisation, nuclear families, changing food habits and rising health consciousness, demand for refined oils especially in consumer packs has been rising rapidly. No wonder, consumers have a wide choice of refined oils and brands.

Despite actual utilisation trailing installed capacities for years, new capacities have been added in the last few years especially in port towns such as Kandla and Kakinada, primarily because of easy access to volume imports and tax breaks provided for setting up industrial facilities.

Another trend visible is that large players in the domestic vegetable oil sector are now either buying up units or hiring spare capacities to enhance production of refined oil. Mergers and acquisitions are on the rise. This can potentially result in consolidation of capacities and scale economies over time.

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092050521100.htm

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Back **'Fresh' start for pineapple exports?**

Focus: Pineapple.

Pineapple is native to southern Brazil and Paraguay. It was spread by the Red Indians from South and Central America to the West Indies. In 1493, Columbus found the fruit on the island of Guadaloupe and carried it back to Spain and it was spread around the world on sailing ships that carried it for protection against scurvy.

Pineapple is a tropical or near-tropical plant and is drought tolerant. According to the FAO, more than 80 countries produce about 18.5 million tonnes of pineapple annually (2009). Cultivatedin about 8.5 lakh hectares, pineapple is mainly concentrated in 12 countries spreading across three continents (Central and South America, Africa and Asia). Leading pineapple producing countries include Brazil, Thailand, the Philippines, India, Costa Rica and China. While the average global productivity of the crop is about 22 tonnes a hectare, yields in some countries

are more than double the global average. For instance, productivity in Brazil is 40 mt/ha, Mexico is 42 mt/ha, Costa Rica is 48.5 mt/ha and Indonesia is 61.2 mt/ha (figures for 2008-09 – NHB).

Global trade

In terms of global trade, pineapple has a unique feature as approximately 43 per cent of the world's total production is internationally traded as compared with 10 per cent in the case of banana and 3 per cent for mango. This international success is obviously a direct result of the use of this fruit for processing. Nearly 80 per cent of pineapples are traded in processed form with 48 per cent for single or concentrated juice and 30 per cent for canned fruits.

Ten countries accounted for nearly 85 per cent of the global import in 2007. The US was the largest importer contributing to 28 per cent of global imports followed by Belgium (11 per cent), the Netherlands (10 per cent), Japan (7 per cent) and Germany (6 per cent). The major pineapple exporting countries are Costa Rica, Belgium, the Philippines, the Netherlands, Côte d'Ivoire and Ecuador. Costa Rica has a dominant share of 47.5 per cent of the total pineapple exports.

Belgium has a share of 9.8 per cent, the Philippines (9.2 per cent), the Netherlands and Côte d'Ivoire have a share of 7.3 per cent and 4.6 per cent respectively.

The global pineapple trade is largely dominated by large multinational food companies, including Del Monte, Dole, Chiquita and Fyffes.

In 2008-09, pineapple was cultivated in about 84,000 hectares with a production of 1.34 million tonnes. The average national productivity stood at about 16 tonnes a hectare – much lower than the global average.India accounted for close to 10 per cent of global area and about 7 per cent of global production. However, the country's contribution to global trade was very small.

The major states that dominantly cultivate pineapple in India include Kerala, Assam, West Bengal, Meghalaya and Tripura, among others. In 2008-09, West Bengal was the leading producer of pineapple in the country contributing to about 21 per cent of the total production followed by Assam which contributed close to 17 per cent of the production. The major production season is between May and August.

Utilisation of pineapple produced in India does not follow the global pattern. Though pineapple is an excellent material to be preserved in different forms, bulk of the crop produced in the country is consumed in fresh form whereas the production used for processing is less than 10 per cent. This is in contrast to other principal producing countries, where over 95 per cent of the pineapple is absorbed by the processing industry.

Negligible exports

The export of pineapple products from India has been almost negligible in the past. This is attributed to the poor infrastructure facilities available in India. During 2008-09, the country exported about 4,000 tonnes of fresh pineapple valued at about Rs 3.68 crore. The major export destinations include – Nepal, Maldives, the UAE, Saudi Arabia and Kazakhstan. While 32 per cent of the export was destined to Nepal; Maldives, the UAE and Saudi Arabia contributed to 20 per cent, 14.5 per cent and 12 per cent of export volumes.

Challenges

Currently, India has insignificant processing and export of pineapple due to difficulties that arise during the post-harvest care and subsequent movement to processing factories and then to the markets.Several areas in the North-Eastare well suited for growing pineapple and can provide reasonably high yields. But these areas are far removed from the markets. Besides the accessibility problem, transport availability and cost are important constraints. India finds it difficult to compete in the world trade in processed pineapple products because it is a high-cost producer of relatively poor quality concentrate, which fetches the lowest prices. The raw material and processing costs are high compared to international norms. Further, majority of Indian processors continue to use canning technology that involves addition of preservatives.

In contrast, Thailand, Malaysia and Europe that dominate world trade in pineapple, use aseptic packaging and frozen technologies where the nutritional and other quality parameters are much superior.

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092050961200.htm

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Back **Pepper prices likely to crash on low export demand fears**

G.K. Nair

Kochi, Sept. 19

Pepper market in India has witnessed the usual high volatility resultant from the tug-of-war between the bull and bear operators. This unhealthy trend often makes it difficult for exporters to make any commitments to their potential overseas buyers, as they said they were not certain about the price the next moment, a dealer told Business Line.

The all-out efforts by certain section of the trade to pull down the market did not seem to have succeeded as they anticipated. They have been spreading the propaganda that no overseas orders would come for MG 1 if the Indian parity remained at higher levels.

Thus, in the absence of export-demand, the prices would crash to Rs 185 a kg. The attempts were said to be creating a panic in the minds of the sellers aimed at a consequent selling spree. But, it did not appear to have clicked so far at least, probably because of the strong fundamentals. The physical pepper availability in the country is believed to be tight. Added to this, there is a strong domestic demand and a good part of it is expected to emerge in the coming days in view of the ensuing festivals, wedding and winter seasons.

Domestic consumption

The growth in domestic consumption is also on the rise and, as such, the huge internal market is believed to be capable of absorbing around 45,000-50,000 tonnes . As against this, the Indian annual output is vacillating of late between 50,000 and 56,000 tonnes. Given this scenario, the current prices can sustain without export support, a section of the trade believe.

Total pepper availability in the country could be estimated at 15,000-20,000 tonnes and, of this, 10,000-15,000 tonnes would be carry over stocks. What is left then for the markets is the balance 5,000-odd tonnes, they said.

Indonesia, Vietnam

Pepper availability in Indonesia is also said to be not much as has been projected earlier. Vietnam also reported to have no asta grade pepper to offer as it has been converting bold berries into white since it has been fetching lucrative prices. Stabilising of the prices in the

international markets at above $4,000 a tonne for long gives the impression that there is a mismatch in demand and supply in the international market, with the former outweighing the latter.

There is believed to be a good growth in annual pepper consumption which is often not projected by the agencies. The difference between the annual pepper output and the consumption might have been narrowed down significantly without a corresponding growth in production in any of the producing countries except for Vietnam.

Thus, the actual market situation as far as availability and demand are concerned is merely based on the speculative assessments made by interested lobbies who come out with cooked up stories based on their own theories. Such reports often misguide the market and the growers, they said.

After a series of ups and downs, the futures market eventually dropped last week. September, October and November contracts fell by Rs 977, Rs 816 and Rs 699, respectively, to close at Rs 19,795, Rs 20,065 and Rs 20,299 a quintal.

Total turn over last week increased by 30,674 tonnes to 1,02,656 tonnes. Total open interest dropped by 1,282 tonnes to 16,823 tonnes. Spot prices fell in tandem with the futures market trend by Rs 500 a quintal during the week to close at 19,400 (ungarbled) and Rs 19,900 (MG 1).

On the spot nobody wanted to sell at the current rates. The growers appeared to have ignored the market as the prices they claimed are not remunerative. The black pepper market showed a mixed response during the week, according to the International Pepper Community (IPC) report for the week. In Belem, Lampung and Sri Lanka, local prices increased, while in Sarawak, the local price decreased marginally. In Kochi, prices decreased both in local as well as in fob. Futures prices at the Commodity Exchange also decreased by around 1-2per cent. Trading activity was reportedly slower this week.

In Vietnam, price movement at local market has taken place almost daily. On Wednesday (15/09) black pepper price decreased by VND 1,000 a kg from VND 74,500 ($ 3.82) to VND 73,500 ($ 3.77). The following day, the price decreased further to VND 72,500 ($3.72). At the end of the week, however, the price recovered to VND 73,500 ($3.77). Compared to the previous week, a marginal fall of local price was reported.

In Bangka, local price of white pepper increased by 2 per cent, while fob price was reported stable. In Vietnam, local price was stable, while fob prices decreased by 1 per cent. In Sarawak, white pepper prices were stable, both in local as well as fob.

During January-July , total export from Brazil was 17,245 tonnes worth $ 53.04 million. When compared to exports of 16,084 tonnes valued at $37.87 million in the same period last year, an increase of 7 per cent in terms of quantity and 40 per cent in value were recorded. The unit value of export increased by 31per cent from $2,355 a tonne to $3,076.

Date:20/09/2010 URL: http://www.thehindubusinessline.com/2010/09/20/stories/2010092050651300.htm

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Back **Karnataka foodgrains acreage up 5.41%**

Anil Urs

Hubli, Sept. 19

Karnataka's kharif food grain crop coverage is up 5.41 per cent at 48.63 lakh hectares as on September 6, as against the 46.13 lakh hectares covered in the same period last year.

For the year 2010-11, kharif target area has been fixed at 49.67 lakh hectares. According to Dr Baburao Mudabi, Karnataka Agriculture Commissioner, “At present, transplanting of paddy (rice) and other crops is in full swing. Monsoon has been vigorous and widespread rainfall has occurred in most parts of the State.”

“As on September 6, Kharif sowing in the State is above normal in 11 districts, normal in 13 districts and below normal in six districts,” he added.

Cereals coverage is down by 2.83 per cent at 32.85 lakh hectares, as against 33.81 lakh hectares covered in the same period last year. Rice area coverage is 9.38 lakh hectare (last year 9.67 lakh hectare), jowar 2.02 lakh hectare (2.45 lakh hectare), ragi 7.04 lakh hectare (6.94 lakh hectare), maize 11.20 lakh hectare (11.57 lakh hectare), bajra 2.90 lakh hectare (2.76 lakh hectare) and minor millets 0.30 lakh hectare (0.39 lakh hectare). On the pulses front, actual

coverage is up by 28.08 per cent at 15.78 lakh hectares, compared with 12.32 lakh hectares covered in the same period last year.

Date:20/09/2010 URL: http://www.thehindubusinessline.com/2010/09/20/stories/2010092050981200.htm

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Back **Bountiful pulses crop may rein in domestic imports in 2010-11**

G Chandrashekhar

Washington DC, Sept. 19

Given the sheer volume of business, the Asian pulses market in general, and India in particular, has always been exciting for exporters of pea and lentils in Canada, the US and elsewhere.

This year (2010-11), while the focus of global attention remains on Canada's Saskatchewan region which unfortunately is hit by too much wet weather, many seem to lose sight of the fact that there is a healthy rebound of pulses crop production in India, even as the US has finished harvesting a larger crop, holds significant inventory from last season, and is looking for large and ready marketing opportunity.

Simply put, on current reckoning, there is no major shortage of pulses in the world; and in the world's largest import market (India) there is a huge rebound in production. The price implication of this development cannot escape anyone's attention.

India is poised to harvest record pulses crop in kharif 2010, given the fact that according to latest estimates, acreage under pulses has expanded by a whopping 20 lakh hectares from last year.

Major kharif season pulses – arhar/toor (pigeon pea), urad (black matpe) and moong – have all been planted in larger acreages, with pigeon pea alone accounting for over half the additional acreage for pulses. Total acreage for all pulses, according to the Ministry of Agriculture, is 110 lakh hectares this season, up from last kharif's drought-hit 90 lakh hectares.

Reports of some damage to crop, in some regions, because of extended rains are doing the rounds; but the extent of loss is yet to be quantified; and there is broad consensus that such damage, if any, would be limited.

Even assuming an average yield of 500 kg/ hectare, India may harvest an additional quantum of close to 10 lakh tonnes, a huge increase by any reckoning. Importantly, soil moisture conditions are turning increasingly favourable for rabi season planting. It is well known that the rabi crop in India – planted in October/November and harvested in the following February/March – accounts for 60 per cent of annual pulses production.

Price correction

The domestic pulses market has already taken cognisance of the emerging situation and prices have corrected downward. Unlike last year, Indians have a choice this year and can enjoy their traditional indigenous pulses, rather than overly depend on imports of peas, beans and lentil.

To be sure, despite large domestic output, Indian imports are likely to continue.

As overall satisfactory agricultural outlook leads to higher rural incomes, there will also be rise in consumption demand as prices become more affordable and purchasing power rises. While one may not like to hazard a guess at this point of time about the volume of India's total import during 2010-11 (it was 35 lakh tonnes in 2009-10), it is becoming increasingly clear that Indian importers are sure to exercise abundant caution before making commitments.

So, the message is clear - price is the key. If overseas suppliers want to service the world's largest import market, it is imperative they offer peas and lentils at prices that are consumer-friendly.

It is also necessary to realise that the quality of supplies from Canada is likely to be below par because of aberrant weather.

In the US, pea crop quality is not exactly up to the mark. Some of the lower grade material may find a market in India. One can already sense the competition between the Canadian and US suppliers to meet India's needs. World pulses prices will be under downward pressure, despite Canada's output woes.

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092051021200.htm

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Back **'Estate-branded' coffee enters US market**

Anil Urs

Hubli, Sept. 19

Sethuraman Estates, coffee plantation company based in Chikmagalur and focusing on 'single-origin, estate-branded' coffees, has managed to break into the United States coffee market by selling 7.5 containers (about 135 tonnes) of washed robustas directly, and also through exporters.

The US, traditionally arabica-consuming country, has begun to replace part of the robusta coffees sourced from various countries for their blends.

Washed robusta coffee has begun to get a toehold in the lucrative US market. Earlier, Indian robusta faced an uphill task to get the US roasters' attention. Due to this, only sporadic amounts of coffee were being exported.

"We entered the US market in 2006 by participating in the Specialty Coffee Association of America event. Then we exported two containers (36 tonnes), again in 2008 we doubled it to four containers (72 tonnes). Today in 2010, we have reached 7.5 containers level (135 tonnes), said Mr Nishant R Gurjer, Managing Partner, Sethuraman Estates.

"Our participation in the specialty coffee expo in America helped us gain entry. Before that, we were exporting only small amounts," he added.

Sethuraman Estates, located at Magundi in Chikmagalur, began its operations in 1950s with an aim of producing good quality Robusta coffees. In the US market, the company is marketing estate-branded coffees - the Sitara Parchment Robusta and the Ne Plus Ultra of Robusta coffee brands.

"To suit the US market, we focussed on the preparation and attention to details in the coffee processing, backed by shade trees under the arecanut and coconut trees wrapped in pepper

vines. The coffees are hand-harvested and sorted. The beans are then pulped, naturally fermented, double-washed, and then patio-dried," pointed out Mr Gurjer.

The 'single-origin estate-branded' coffee of Sethuram Estates fetches a premium of 30 per cent over what is traded in the domestic Indian market. Robusta coffees in the domestic market are currently traded at around Rs 90,000 a tonne.

According to the Coffee Board, as on September 16, exports of different forms of coffees such as instant and bulk forms of both Arabica and Robusta from India to the US market this calendar was 5,116.2 tonnes or 2.46 per cent of the total Indian coffee exports.

Date:20/09/2010 URL:
http://www.thehindubusinessline.com/2010/09/20/stories/2010092051001200.htm

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Back **Firm trend in dust tea at Kochi sale**

Our Bureau

Kochi, Sept. 19

Bucking the downtrend of the last few weeks dust tea prices appreciated at the Kochi tea auction. There were 11.49 lakh kg of dust and 2.35 lakh kg of leaf on offer at the Kochi auction.

The demand was strong and widespread at the dust sale. While both the premium and lower dust grades appreciated in value, the price rise was more predominant in lower grades. AVT and Tata Global were major buyers at the dust auction along with one exporter.

Hindustan Unilever, Kerala State Civil Supplies Corporation and upcountry buyers lent fair amount of support. Kerala loose tea traders remained subdued. Shippers to Egypt were quite active.

Leaf Auction

All high grown and good liquoring grades of orthodox leaf tea remained firm to dearer. Other orthodox grades were irregular and quoted lower. Medium bolder broken and whole leaf grades also followed a similar trend. Prices of medium secondaries remained at last week's levels.

Exporters to Russia and Tunisia were quite active. HUL was a major buyer in high-grown leaf grades and fannings. T

here was good demand at the CTC leaf auction. Premium grades were irregular and prices tended to ease. Other grades remained firm to dearer, especially fannings. Domestic buyers were active in CTC leaf grades, Tata Tea remained selective while exporters confined themselves to smaller grades.

Top Prices

Chinnar SFD fetched the top price at the dust auction at Rs 127 followed by Pasuparai SFD, Manjolai SFD and Pasuparai FD at Rs 122. At the leaf auction, Pascoes Hyson Green Tea fetched the top price at Rs 289 followed by Kairbetta FP at Rs 224 and Chamraj OP also at Rs 224.

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